China-US Competition: History, Current Situation and Future

Cui Lei (China Institute of International Studies)

Many scholars in China-US relations assert that the two countries have been trapped in strategic rivalry. Is the judgment tenable? Reviewing the history of China-US competition, exploring its current situation and envisioning its future, this paper will present a different point of view.

I. The History of China-US competition

Businesses in China and the United States have a long history of trade with each other. For a considerably long period, there was little or no element of competition between the two countries. Instead, they maintained complementary trade relations. Only after the start of the Cold War and the US became the leader of the capitalist camp, China regarded the US as its primary competitor and forged a slogan of “surpassing Britain and running after the US” in order to demonstrate the superiority of socialist system. It was not competition in the real sense, given the huge power gap between the two. Interestingly, entering the 21st century, with the power gap narrowing and China keeping silent on competition, it is now the US’ turn to talk about US-China competition at length.

Before and after George W. Bush was elected US president, he claimed that China was not a strategic partner of the US, but its strategic competitor. He was the first US politician who defined China-US relations like this. With the rise of China and the relative decline of US power, such rhetoric appears more and more frequently. In the 2006 State of the Union, President Bush listed China and India as economic competitors. In the 2011 State of the Union, President Obama highlighted “the Sputnik moment”, assimilating China to the Soviet Union which launched a satellite ahead of the US. By doing so, he spurred Americans to work hard in order to avoid being surpassed by Chinese. At the joint press conference when Hu Jintao visited the
US, President Obama said that “As we look to the future, what’s needed, I believe, is a spirit of cooperation that is also friendly competition. In areas like those that I just mentioned, we will cooperate—forging partnerships and making progress that neither nation can achieve alone. In other areas, we’ll compete—a healthy competition that spurs both countries to innovate and become even more competitive.”

Besides President Obama, some of his administration officials often use the word competition to refer to US-China relations. For example, in a March 2011 hearing at Foreign Relations Committee of the Senate, Secretary of State Hilary Clinton warned that the US was likely to lose in the competition for influence with China in South Pacific. By saying so, she intended to persuade the Congress not to cut foreign assistance funds. In March 2013, when delivering a speech in Asia Society, Tom Donilon, then National Security Advisor to the President, pointed out that “the U.S.-China relationship has and will continue to have elements of both cooperation and competition. Our consistent policy has been to improve the quality and quantity of our cooperation; promote healthy economic competition; and manage disagreements to ensure that U.S. interests are protected and that universal rights and values are respected. …a deeper U.S.-China military-to-military dialogue is central to addressing many of the sources of insecurity and potential competition between us.”

In November 2013, when delivering a speech in Georgetown University, National Security Advisor Susan Rice said, “When it comes to China, we seek to operationalize a new model of major power relations. That means managing inevitable competition while forging deeper cooperation on issues where our interests converge—in Asia and beyond. …Greater military engagement and transparency can help us manage the realities of mistrust and competition, while augmenting the high-level communication that has been a hallmark of this Administration’s approach to China.”

Defense Secretary Chuck Hagel highlighted when visiting China that the new model of US-China relations should “seek to manage competition, but avoid the traps of rivalry.”

Contrary to US leaders and officials talking about competition frequently, their Chinese counterparts never respond to the calling for healthy competition. Instead, they just talk about cooperation and differences and highlight “seeking cooperation”, “managing and controlling differences”, among others, avoiding the rhetoric of competition.

Why do they avoid using the word? It is mainly due to a perceptual difference with regards to competition between the two. From ancient times, the Chinese have valued harmony and disgusted competition. In their eyes, competition is negative while cooperation is positive. After being defeated in the Opium War and forced to open up, the Chinese gradually accepted the law of the jungle. Influenced by social Darwinism in international society, they attach high importance to being powerful among nations. They firmly believe that “lagging behind leaves a nation vulnerable to attacks”. However, in their eyes, competition is still negative, so they are reluctant to use the word in diplomatic parlance to avoid being provocative to other countries. On the contrary, Americans see competition in a positive fashion, which is apparent in their worship in free competition in business and multi-party system in politics. Losers in elections will not lose life, wealth or prestige, so they can accept the loss at ease. In American politics, as long as regulated by reasonable rules, competition can be benign. As different political cultures of the two countries are reflected on foreign affairs, their views on international competition are bound to differ.

II. The Current Situation of China-US Competition

According to means and purposes, competition can be categorized into two types: benign and malign competition. Benign competition, or healthy competition, is based on fair rules and transparent procedures, or aimed at defeating others in fair and just


ways. It is a win-win game, for example, to formulate preferential policies to encourage firms to seize bigger overseas market share or to elevate influence in developing countries by means of development assistance. Malign competition, or rivalry, is based on illegitimate means or aimed at weakening or destroying counterparts. It is a zero-sum or lose-lose game, for example, to promote trade by manipulating exchange rates, steal business and industrial secrets and carry out arms race, among others. Judged by the above definitions, the current competition of China and the US in various areas is generally healthy.

In economic area, with China’s progress in industrial upgrading and US resurgence of manufacturing, economic complementarities between the two is fading and elements of competition are looming large. The US has accused China of unfair competition by manipulating exchange rate, failing to protect IPR and stealing secrets for Chinese firms. On the other hand, it is widely recognized in China that the US government is using illegitimate means to help US firms to compete with their Chinese counterparts. Despite these problems, generally speaking, China and the US have been following rules commonly accepted for economic competition. China is one of the major beneficiaries of the international economic system created and led by the US, while American investors and consumers have benefited greatly from the boom of Chinese manufacturing. There exists a huge momentum between the two sides to maintain cooperation.

In security area, with China’s military modernization having made miraculous progress, China is expanding their presence in such global commons as oceans, cyberspace and outer space, posing a challenge to US superiority in these fields. There have been confrontational actions between the two occasionally, for example, the strong reaction by the US to the announcement of an Air Defense Identification Zone (ADIZ) in East China Sea by China late in 2013, the encounters between Chinese and US naval vessels and aircrafts in Chinese Exclusive Economic Zones and the race to develop offensive weapon systems on both sides. However, the US has not changed its China policy significantly by now. It still adheres to a hedging strategy instead of containment strategy. While strengthening its defensive alliances in the
Asia Pacific and building a regional network of missile defense systems, the US is promoting the mil-mil relations with China to manage security competition. By the same token, despite having a sharp rise of defense spending, China tries its best to avoid aligning with countries that are hostile to the US, avoid military confrontations with allies of the US, actively take responsibility in international security, and reassure the international community on China’s rise in a peaceful way. In sum, security competition between China and the US cannot be defined as rivalry by now.

China-US competition for influence around the world is also healthy generally. In recent years, China has been expanding its trade and investment in Southeast Asia, Africa, Latin America and other developing countries, as well as creating its military presence there in a soft manner, while the US is also investing huge amount of economic, diplomatic and military resources to the above regions. The actions of China and the US are both economic races and competition of soft power, but the means they employ for competition are all legitimate, not at the expenses of the other’s interests. There is even enormous space for cooperation between the two: China is good at building infrastructure which is the key to attracting investment in the host country for foreign firms, including US ones. The US attaches great importance to improving the capability of the host government in governance, which can safeguard the interests of foreign investors, including Chinese ones, in the long term. In addition, the competition for influence of the two sides is different in nature from the strategic rivalry between the US and the Soviet Union during the Cold War which strove for spheres of influence by fostering agents, toppling down legitimate regimes or financing proxy wars. Instead, China and the US coexist in peace with each other and elevate their respective influence by making use of their comparative advantages.

III. The Future of China-US Competition

China-US competition is at the crossroads. It may either remain healthy or spiral down to rivalry. Although elements of rivalry are on the horizon, the possibility of competition developing into a cold or hot war in the next few decades is low. Competition is likely to remain generally healthy.
Many factors support the above forecast, among which seven can be clearly identified. First, the international environment will remain stable and peace and development will continue to be the era's theme in the foreseeable future. According to a study, the number of international conflicts now has hit a record low in the past two centuries. Second, economic and financial ties have bound the two countries closely together, with bilateral trade volumes and the amount of China’s holding of US federal treasury bonds having reached a record high. Third, there are a great number of beneficiaries of China-US cooperation in both countries, like firms, universities, research institutes and a record number of students studying in the other country. Fourth, The US has the historical experiences of achieving strategic stability and avoiding conflicts with the Soviet Union, which might, to some extent, help its management of current competition with China. Fifth, China will for a long time be far weaker than the US in terms of national power. Unless the US commits a major strategic mistake like the one in Iraq which leads to a sharp fall of national power, China will live in an international system dominated by the US. The source of China’s confidence, a booming economy and the rising GDP approaching that of the US, is increasingly in question. Now, US economy is recovering and the annualized growth rates of US GDP in the second and third quarter in 2014 are nearly 4%. The ratio of US and Chinese GDP is around 4:7. With China struggling to keep its growth rate above 7%, and if the current trend remains, the absolute values of GDP growth of the two countries will be approaching. Being in a far weaker position in the competition, China will be dissuaded to challenge the US. Six, the rising tensions between China and Japan will shadow China-US competition. Despite having been a global power, China’s influence is still confined to East Asia, where Japan is trying to maintain its influence in the region which is shrinking. To achieve an advantageous position in the competition, both China and Japan want to have a good term with the US. Thus, the need to keep bilateral relations stable might weaken the competition between China and the US. Last but not the least, the many existing dialogues between China and the

---

US can help to manage competition. These regimes are established to enhance understanding and manage differences, but while competition intensifies, they can be effective to some extent in managing competition.

The above factors are relatively stable and predictable, but another set of factors is hard to predict and always in flux, that is, the psychological factors, like misperception, distrust, etc., of decision-makers in both countries. If decision-makers on one side deem the other side’s behavior as manifestation of malign competition or rivalry, although it is not, they might react in an unfriendly way. It is exactly the case in recent China-US relations. For example, when China decided to establish an ADIZ in East China Sea in late 2013, the US made a strong reaction by sending two fighters to fly along the border of the ADIZ on the opposite side of mainland China. The US viewed China’s action as threatening to its maritime dominance of West Pacific since World War II, while actually China just wanted to pursue its legitimate rights on the sea. US misperception of China’s intention contributed to the deterioration of the bilateral relations and made strategic rivalry more likely on the sea.

Although by now US leaders have not been certain if China intends to challenge the US in Asia Pacific or the world, driven by the realist mentality and the current anarchic nature of international relations, they tend to make negative assessment on the nature of China-US competition. It is the same with Chinese leaders, who do not believe in US reassurance that the US has no intention to contain China. The strategic distrust on the two sides makes it hard for the two countries to make objective assessment with regards to the nature of their competition.